

Region XII Council of Governments, Inc.
Carroll, Iowa

Independent Auditor's Report
Financial Statements
Supplemental Information
Schedule of Findings & Questioned Costs
June 30, 2020

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REGION XII COUNCIL OF GOVERNMENTS, INC.
BOARD OF DIRECTORS AND OFFICERS

<u>Name</u>	<u>Title</u>	<u>County Represented</u>
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Executive Board Members

Eric Skoog	Chairperson	Crawford
Jack Lloyd	Vice-Chairperson	Guthrie
Ranell Drake	Secretary	Sac
John Muir	Treasurer	Greene
Rick Thompson	Board Member	Audubon
Rich Ruggles	Board Member	Carroll

Policy Council Members

Peggy Toft	Board Member	Audubon
Gary VanAernam	Board Member	Audubon
Gene Karstens	Board Member	Audubon
Neil Bock	Board Member	Carroll
Stephanie Hausman	Board Member	Carroll
Donna Pudenz	Board Member	Carroll
Rachel Desy	Board Member	Crawford
Jean Heiden	Board Member	Crawford
Loren Schultz	Board Member	Crawford
Jane Heun	Board Member	Greene
Peter Bardole	Board Member	Greene
Victoria Riley	Board Member	Greene
Marci McClellan	Board Member	Guthrie
Lisa Grossman	Board Member	Guthrie
Everett Grasty	Board Member	Guthrie
Steve Druivenga	Board Member	Sac
Joan Godbersen	Board Member	Sac
Lisa Jacobsen	Board Member	Sac

Region XII Council of Governments, Inc. Officers

Richard Hunsaker	Executive Director
Chris Whitaker	Local Assistance Director
Thomas Feldman	Transit Director
Beth Winquist	Workforce Director
Mark Thomsen	Fiscal Officer

In January of each year, each member of the County Board of Supervisors shall appoint or reappoint three local elected officials or persons responsible to local elected officials to serve at least one year as their County's representative. One of the three shall be designated Chairperson of that group and shall be designated an officer candidate and member of the Executive Board. The Executive Board shall appoint a fourth member from each county to serve on the policy council.

John D. Morrow

Certified Public Accountant

Member
Iowa
Society

Certified Public Accountants

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November 19, 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

Report on Financial Statements

I have audited the accompanying financial statements of Region XII Council of Governments, Inc. (a 28E and a non-profit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, change in net assets, and cash flow for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Region XII Council of Governments, Inc. as of June 30, 2020, and the results of its changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-10 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance of the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Natural Expenses; State, General and Local Administered Program Activity; Federal Program Activity; Western Iowa Transit Programs Activity; Proportionate Share of the Net Pension Liability; IPERS Contributions; and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); are presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 19, 2020 on my consideration of Region XII Council of Governments, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Region XII Council of Governments, Inc.'s internal control over financial reporting and compliance.



REGION XII COUNCIL OF GOVERNMENTS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

As management of Region XII Council of Governments, Inc. (COG), we offer the readers of COG's financial statements this narrative overview and analysis of the financial activities of the commission for the fiscal year ended June 30, 2020. This report is intended to serve as an introduction to COG's basic financial statements.

Financial Highlights

- The assets of the COG exceeded its liabilities as of June 30, 2020 by \$13,020,754 (net assets). Of this amount, \$6,847,292 represents the net amounts that are non-spendable, which consist of investments in property, vehicles, and equipment and housing program loans. The unassigned net assets equal \$6,173,462.
- The COG's total net assets increased by \$1,348,828 over the prior year. Net assets increased from operations by \$1,348,010. Unassigned net assets increased in the amount of \$99,545. A net asset decrease of \$98,727 was attributed to a change in the net asset pension amount.
- Revenues were \$7,072,266 which is \$99,545 more than the costs/expenses.
- The total cost of programs increased by \$1,104,932 primarily due to increases in Residential Constructed for Sale and Rural Transit System expenditures. Revenues increased \$1,139,120 primarily due to increase in public support and program funds.
- The assets of the COG do not include assets assigned to its subsidiary non-profit corporations Council of Governments Housing, Inc. and the Region XII Development Corporation.

Overview of the Financial Statements

The COG's basic financial statements are comprised of 1) financial statements and 2) notes to the financial statements. In addition, other supplementary information to the basic financial statements is provided.

The financial statements include a *Statement of Financial Position, Statement of Activities, Statement of Changes in Net Assets, and Statement of Cash Flows*. These statements present information of the COG's finances in a manner similar to governmental activities. The activities are consolidated and present the operations as a whole.

The *Statement of Financial Position* presents information on all of the COG's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the COG's net assets may be an indicator of whether its financial position is improving or declining, respectively. The past 20 years have witnessed steady growth of net assets.

REGION XII COUNCIL OF GOVERNMENTS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

The *Statement of Activities and Statement of Changes in Net Assets* present information showing how the COG's net assets changed during the year. This statement reports the cost of activities and how those costs were recovered for the fiscal year.

The *Statement of Cash Flows* presents information on the cash flow of the COG during the fiscal year. This information can assist the user of the report in determining how the COG financed its activities and how it met its cash requirements.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the financial statements. The notes to the financial statements are found on pages 16-27. Schedules of revenues and expenses may be found on pages 30-35.

Financial Analysis of the COG's Net Assets

The table below is a summary of the COG's net assets for the year ended June 30, 2020 and June 30, 2019.

NET ASSETS		
	<u>2020</u>	<u>2019</u>
Current assets	\$ 8,865,023	\$ 8,169,181
Property and equipment	4,679,658	3,452,958
Other assets	1,715,415	1,839,971
Deferred outflows of resources	<u>410,364</u>	<u>588,528</u>
TOTAL ASSETS	<u>15,670,460</u>	<u>14,050,638</u>
Current Liabilities	545,093	573,619
Long-term Liabilities	1,821,915	1,547,317
Deferred inflow of resources	<u>282,698</u>	<u>257,776</u>
TOTAL LIABILITIES	<u>2,649,706</u>	<u>2,378,712</u>
NET ASSETS:		
Net investment in P,P&E	4,887,917	3,452,958
Housing loans	1,959,375	2,046,324
Unassigned	7,488,754	7,389,209
Net asset pension	<u>(1,315,292)</u>	<u>(1,216,565)</u>
Total Net Assets	\$ <u>13,020,754</u>	\$ <u>11,671,926</u>

As noted earlier, net assets may serve over time as a useful indicator of the COG's financial position. In the case of the COG, assets exceeded liabilities by \$13,020,754 at the close of the most recent fiscal year.

Approximately 47% of the COG's net assets are categorized as "unassigned net assets," the large majority of which is monies in revolving loan funds, although the COG does have significant general reserves for its planning and transit operations. Just over 37.5% of the net assets are attributed to capital assets. Just over 15% of the net assets are outstanding loans for housing, a negative (10.1)% accounts for the net asset pension amount. The COG records assets using historical cost. If actual cost is not known, an estimated historical cost will be used.

REGION XII COUNCIL OF GOVERNMENTS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

	<u>2020</u>	<u>2019</u>
Revenues:		
Program Grants and Awards	\$ 4,395,436	\$ 3,064,927
Public Support & Program Funds	1,587,652	1,821,823
Elderbridge Agency on Aging	12,474	21,183
United Way	1,000	3,500
Loan Repayments	208,064	179,525
Interest From Loans & Fees	90,421	90,301
Interest From Investments	151,181	131,429
Rents	71,271	0
Other Revenues	232,511	259,190
Matching Funds	285,441	324,664
In-Kind Match	<u>36,775</u>	<u>36,564</u>
Total Revenue	<u>7,072,226</u>	<u>5,933,106</u>
Expenses:		
Local Funds	88,975	89,210
Revolving Loan Funds	303,562	130,597
Community Administered & Support	214,539	205,804
Iowa Waste Exchange	416,440	432,761
Western Iowa Advantage Partners	41,310	69,240
FHLB Residential Rehab	322,860	323,256
Residential Construction (sale)	602,281	21
Residential Construction (rental)	327,904	301,954
Fort Dodge SDA & Ticket to work	801	3,264
Economic Development Planning	143,820	140,000
Housing Preservation Grants	6,580	53,954
Community Development Block Grants	887,654	853,789
HOME Investment Partnership	44,219	42
Workforce Innovation & Opportunity Act	175,622	255,658
Community Partnerships for Protecting Children	33,167	40,046
Hazard Mitigation Grants	94,934	29,847
Rural Transit Systems	3,110,773	2,493,057
Regional Transportation Planning	<u>157,240</u>	<u>155,682</u>
Total Expenses	<u>6,972,681</u>	<u>5,578,182</u>
Revenue over expenses	\$ <u><u>99,545</u></u>	\$ <u><u>354,924</u></u>

The COG's total revenues increased 19.2% to \$7,072,226. The most dramatic difference was the increase in Public Support & Program funds, attributed to increasing activity in the Western Iowa Transit, and community development block grants. The total cost of all programs/services increased by \$1,104,932 or 18.8%. The increases of \$617,716 in Transit and \$602,260 in residential constructed for sale represents the \$1,219,976 of the difference. The COG's expenses are predominantly related to providing services such as public transit, workforce development, housing, planning, grant administration, or technical assistance to the COG's members.

REGION XII COUNCIL OF GOVERNMENTS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

Capital Assets

By the end of the 2020 fiscal year, the COG has invested \$7,558,602 in capital assets, net of accumulated depreciation of \$2,878,944. The COG added \$1,555,612 to its capital assets recorded at actual cost. The COG disposed of several transit and agency vehicles that had value in the amount \$469,050.

Long-term Debt

At the end of the current fiscal year, the COG had long-term debt outstanding. However, \$400,000 of long-term debt from IFA HOME funds is anticipated during the upcoming fiscal year for the Summit Ridge Apartment project in Wall Lake. This project will have a 20-year repayment schedule.

Economic Factors on the COG's Future

At the time these financial statements were prepared and audited, the COG was aware of several key factors that may have an impact upon the COG's future funding levels.

- Local, State and Federal economic conditions are key indicators for resource availability and monitoring these conditions will be prudent for COG and its future success in regional service delivery.
- Funding decreases in certain federal programs and the State of Iowa's response to these decreases may render services at the COG level impractical.
- Consolidation of services as a result of decreased funding at the local and state level may provide opportunities for the COG to provide services in areas not currently provided.
- Changing priorities in housing will require the COG to continue to adjust its approach and offerings.
- The COG is a member of the Iowa Association of Councils of Governments and is providing new lines of business in consortium with its sister organizations statewide.
- In fiscal year 2020, the COG had three associate members in Dallas County and one in Boone County.
- Medicaid policy may impact transit as this service represents a substantial portion of transit revenue.
- The COG anticipates significant revenues from the CARES Act for fiscal year 2021, some of which was also realized in fiscal year 2020.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the COG's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Executive Director, Region XII COG, Inc., 1009 E Anthony St, PO Box 768, Carroll, Iowa 51401.

FINANCIAL STATEMENTS

REGION XII COUNCIL OF GOVERNMENTS, INC.
STATEMENT OF FINANCIAL POSITION
FOR YEAR ENDED JUNE 30, 2020

	Year Ended 6/30/2020
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 6,925,457
Receivables:	
Grantor agencies	917,579
Other sources	53,965
Affiliated organizations	0
Investment in homes for resale	590,957
Prepaid expense	133,105
Accrued interest receivable	68,960
Current portion of housing loans	<u>175,000</u>
Total Current Assets	<u>8,865,023</u>
PROPERTY AND EQUIPMENT	
Land & building	4,137,588
Vehicles	3,139,423
Office equipment	<u>281,591</u>
	7,558,602
Less accumulated depreciation	(<u>2,878,944</u>)
	<u>4,679,658</u>
OTHER ASSETS	
Housing program loans	1,959,375
Less current portion of loans	(<u>243,960</u>)
	<u>1,715,415</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	<u>410,364</u>
TOTAL ASSETS	<u>\$15,670,460</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	146,530
Notes payable	212,000
Accrued payroll and benefits	56,944
Accrued annual leave payable	124,246
Tenant Deposits	1,632
Current portion-mortgage payable	<u>3,741</u>
Total Current Liabilities	545,093
LONG TERM LIABILITIES	
Mortgage payable	378,957
Net pension liability	1,442,958
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows	<u>282,698</u>
Total Liabilities	<u>2,649,706</u>
NET ASSETS	
Nonspendable:	
Net investment in property, vehicles, equipment, and homes for resale	4,887,917
Housing program loans	1,959,375
Unassigned net assets:	
Unassigned	7,488,754
Net asset pension	(<u>1,315,292</u>)
	<u>13,020,754</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$15,670,460</u>
See accompanying Notes to Financial Statements.	

REGION XII COUNCIL OF GOVERNMENTS, INC.
STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2020

	Year Ended <u>6/30/2020</u>
Revenues:	
Program Grants and Awards	\$ 4,395,436
Public Support & Program Funds	1,587,652
Elderbridge Agency on Aging	12,474
United Way	1,000
Loan Repayments	208,064
Interest From Loans & Fees	90,421
Interest From Investments	151,181
Rents	71,271
Other Revenues	232,511
Matching Funds	285,441
In-Kind Match	<u>36,775</u>
Total Revenue	<u>7,072,226</u>
Functional Expenses:	
Local Funds	88,975
Revolving Loan Funds	303,562
Community Administered & Support	214,539
Iowa Waste Exchange	416,440
Western Iowa Advantage Partners	41,310
FHLB Residential Rehab	322,860
Residential Constructed for sale	602,281
Residential Constructed for rental	327,904
Fort Dodge SDA & Ticket to work	801
Economic Development Planning	143,820
Housing Preservation Grants	6,580
Community Development Block Grants	887,654
HOME Investment Partnership	44,219
Workforce Innovation and Opportunity Act	175,622
Community Partnerships for Protecting Children	33,167
Hazard Mitigation Grants	94,934
Rural Transit Systems	3,110,773
Regional Transportation Planning	<u>157,240</u>
Total Expenses	<u>6,972,681</u>
Revenue over expenses	\$ <u><u>99,545</u></u>

See accompanying Notes to Financial Statements.

REGION XII COUNCIL OF GOVERNMENTS, INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR YEAR ENDED JUNE 30, 2020

	<u>2020</u>
Program revenues over expenses	\$ 99,545
Investment in houses for resale	590,957
Investment in plant, vehicles, & equipment	1,555,612
Depreciation	(328,912)
(Decrease) in "Reserve for Loans"	(86,949)
(Increase) in "Mortgage Payable"	(382,698)
(Increase) in "Net Asset Pension"	(<u>98,727</u>)
Total Change in net assets	1,348,828
Net Assets-Beginning of Year	<u>11,671,926</u>
Net Assets-End of Year	\$ <u>13,020,754</u>

See accompanying Notes to Financial Statements.

REGION XII COUNCIL OF GOVERNMENTS, INC.
STATEMENT OF CASH FLOWS
FOR YEAR ENDED JUNE 30, 2020

	Year Ended <u>6/30/2020</u>
Resources Provided (Used) By:	
Cash Flow from Operating Activities:	
Revenue over (under) expenses	\$ 99,545
Items not requiring outlays of cash:	
Change in Operating Assets & Liabilities:	
Accounts receivable	(187,405)
Prepaid expenses	19,658
Accounts payable	(41,322)
Accrual payroll and benefits	39,687
Accrual annual leave	(1,864)
Tenant deposits	<u>1,632</u>
	(<u>70,069</u>)
Cash Flow From Financing Activities:	
Borrowing - short term notes	472,200
Payments - short term notes	(<u>502,600</u>)
	(<u>30,400</u>)
Net Increase in Cash	(100,469)
Cash, Beginning of Year	<u>7,025,926</u>
Cash, End of Year	\$ <u><u>6,925,457</u></u>
Interest Expense - Cash Basis	\$ <u><u>10,210</u></u>

See accompanying Notes to Financial Statements.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 Nature of Activities and Significant Accounting Policies
A. Nature of Activities

Region XII Council of Governments, Inc. (COG) was formed by six counties entering into a 28E agreement to service the Iowa counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac.

The purposes for which the COG was organized are to provide joint services and facilities with other agencies to promote and assist the economic development of business concerns through growth and development and aid in development opportunities to the region, thereby increasing employment, business volume, and business payrolls. To accomplish these purposes, the COG has all the powers enumerated in the Iowa Non-Profit Corporation Act, Chapter 504 of the Code of Iowa and is certified in good standing with the Iowa Secretary of State. These powers are limited to the definitions and purposes encompassed by Section 501(c)(3), of the Internal Revenue Code. In addition, the COG has the power and duty to make comprehensive studies and plans for the development of the area it serves, to eliminate planning duplication, to promote governmental economy and efficiency, and to otherwise guide the unified development of the area.

Region XII Council of Governments, Inc. is the designated administrative agency, fiscal agent, and coordinating service provider for the Workforce Innovation and Opportunity Act (WIOA) in Iowa Workforce Development (IWD) Region 8. Region 8 includes the Iowa counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac. The cities of Perry, Redfield, Adel, and Ogden are associate members of the COG. Region XII COG, Inc.'s Executive Board has the responsibility for all records which are included in these financial statements.

Region XII Council of Governments, Inc. owns and operates Western Iowa Transit. This rural transit system provides public transit services to senior citizens, persons with disabilities, preschool and school aged students, and the general public. Western Iowa Transit operates in Audubon, Carroll, Crawford, Greene, Guthrie, and Sac counties and is recognized by the Department of Transportation as the regional transit system. The mission of Western Iowa Transit is to provide safe, dependable, and efficient public transit services for all citizens within its service area in a manner which will help them maintain and improve their quality of life.

Region XII Council of Governments, Inc. serves as the Regional Planning Affiliation (RPA) for the counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac. As the RPA, the COG prepares all planning documents pursuant to transportation planning in the region, including the programming of regional federal funds for transportation. The COG is advised by a Transportation Advisory

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

Note 1. Nature of Activities and Significant Accounting Policies (continued)

A. Nature of Activities (continued)

Committee on all planning documents. Final decisions on these documents are made by the Policy Council of Region XII Council of Governments, Inc.

Region XII Council of Governments, Inc. is a recognized Economic Development District (EDD) through the US Department of Commerce Economic Development Administration. The COG completes and implements a Comprehensive Economic Development Strategy (CEDS) through an annually-approved work plan.

Region XII Council of Governments, Inc. assists the communities and counties in identifying housing needs. Once needs are identified, the organization will work with the necessary partners to achieve those goals. Examples of programs include various housing rehabilitation programs, down payment assistance, rental projects, new construction, development of lots for sale, and lead base paint & inspection services.

The organization is dependent on continued funding by Federal, State and local governmental bodies to provide the programs necessary to support the services and objectives set out above.

B. Significant Accounting Policies

Program Fund Accounting - To ensure observance of limitations and restrictions placed on the use of resources available to Region XII Council of Governments, Inc., the accounts of the organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into program funds established according to their nature and purposes. Separate accounts are maintained for each program fund. However, in the accompanying financial statements, programs that have similar characteristics have been combined into program groups. Accordingly, all financial transactions have been recorded and reported by program group.

Basis of Accounting - Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Grant or contract revenue is recognized when earned. The grants and contracts are written on an expense reimbursement basis and accordingly, grant or contract revenue is earned when allowable program expenses are incurred. Expenses are recorded when the liability is incurred. Disbursements for the purchase of property and equipment which provide future benefits are recorded as expenses in the program at the time of purchase. Any property and equipment capitalized is presented in the Statement of Net Assets.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

Note 1 Nature of Activities and Significant Accounting Policies (continued)

B. Significant Accounting Policies (continued)

Basis of Presentation - In the financial statements, net assets are classified and reported as follows:

Nonspendable - Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Directors through board approval prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in the preceding classifications.

Revenues are reported as increases in unassigned net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unassigned net assets.

Assets, Liabilities and Net Assets - The following accounting policies are followed in preparing the combined statement of financial position.

Cash and Cash Equivalents - Cash and cash equivalents include amounts in demand deposits, money market funds, and certificates of deposit.

Program Funds and Accounts Receivable - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenses as of the beginning and end of the year. Program funds and accounts receivable include amounts due to the COG but not received at year end.

Allowance for Doubtful Accounts - The direct write-off method is used to account for uncollectible housing and business loans. There is no provision for bad debts since all receivables and loans are considered to be collectible.

Receivables and Payables from Affiliated Organizations - During the course of operations, numerous transactions occur between individual funds and affiliated organizations for goods provided or services rendered. To the extent that certain transactions between funds and affiliated organizations have been paid or received as of June 30, 2020, balances of inter-fund amounts have been recorded.

Property, Vehicles, and Equipment - Property, vehicles, and equipment are valued at historical cost. Property, vehicles, and equipment are recorded as expenses in the fund purchasing the asset. The purchases are then capitalized accumulating the net investment in property, vehicles, and equipment. Depreciation has been provided using the

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

Note 1. Nature of Activities and Significant Accounting Policies (continued)

B. Significant Accounting Policies (continued)

straight-line method over the estimated useful lives of the respective assets, generally 50 years for real property and 5 to 10 years for vehicles and equipment. The depreciated cost of the property, vehicles, and equipment does not purport to be either a realizable value or a replacement value. Expenses for maintenance, repairs, and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized. The cost of assets disposed is deleted.

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the Organization after the measurement date but before the end of the Organization's reporting period.

Annual Leave - Employees of Region XII Council of Governments, Inc. accumulate a limited amount of earned but unused annual leave payable to employees. Amounts representing the cost of annual leave expected to be liquidated currently are recorded as liabilities. This liability has been computed based on current rates of pay.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represents an acquisition of net position that applies to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

Note 1 Nature of Activities and Significant Accounting Policies (continued)

B. Significant Accounting Policies (continued)

Deferred Inflows of Resources (continued)

Deferred inflows of resources in the Statement of Net Position consist of succeeding year unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Cost Allocation - The organization has adopted a cost allocation plan to allocate joint costs to the various programs. Any cost which cannot be assigned directly to a program is allocated based upon the ratio of direct labor hours worked for the respective program, square feet of space used, gross wages for direct program costs, or other reasonable methods of allocation. The cost allocation plan is approved by the COG's federal cognizant agency.

Budgetary Accounting - The organization is not required by statute to use budgetary accounting. Therefore, no budgetary information is included in these financial statements.

Income Taxes - Region XII Council of Governments, Inc. is exempt from Federal income taxes under provisions of Internal Revenue Code Section 501(c)(3).

The organization does file Form 990, Return of Organization Exempt From Income Tax in the U.S. federal jurisdiction.

Use of Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from amounts estimated. These estimates involve useful lives for depreciation of assets, allowance for doubtful accounts, loss contingencies, and other estimating techniques as may be required to record effects of future events.

Note 2 Support From Governmental Units

Region XII Council of Governments, Inc. receives substantially all of its support from Federal, State, and local governments. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the COG's programs and activities.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

Note 3 Leases

Region XII Council of Governments, Inc. is obligated under other lease agreements accounted for as operating leases for equipment. In the event insufficient program funding occurs, these leases may be prematurely terminated with appropriate notice.

Note 4 Pension Plan

Plan Description - IPERS membership is mandatory for employees of the Organization. Employees of the Organization are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except for members with service before June 30, 2012 will use the highest three year average salary as that date will be used if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

Note 4 Pension Plan (continued)

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Organization contributed 9.44% of covered payroll for a total rate of 15.73%.

The Organization's contributions to IPERS for the year ended June 30, 2020 totaled \$183,590.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the Organization reported a liability of \$1,442,958 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Organization's proportion of the net pension liability was based on the Organization's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the Organization's collective proportion was .024752%, which was an increase of .000293% from its proportion measured as of June 30, 2018.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

Note 4 Pension Plan (continued)

For the year ended June 30, 2020, the Organization recognized pension expense of \$183,590. At June 30, 2020, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of resources	Deferred Inflows of resources
Difference between expected and actual experience	\$ 4,000	\$ 51,881
Changes of assumptions	154,561	0
Net difference between projected and actual earnings on IPERS investments	68,213	230,817
Changes in proportion and differences between Organization contributions and Organization's proportionate share of contributions	0	0
Organization contributions subsequent to the measurement date	<u>183,590</u>	<u>0</u>
Total	\$ <u>410,364</u>	\$ <u>282,698</u>

\$183,590 reported as deferred outflows of resources related to pensions resulting from the Organization's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30, 2021	\$ 40,545
June 30, 2022	(30,646)
June 30, 2023	(28,969)
June 30, 2024	(29,808)
June 30, 2025	(<u>7,046</u>)
Total	\$(<u>55,924</u>)

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and .65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

Note 4 Pension Plan (continued)

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	22.0%	5.60%
International Equity	15.0	6.08
Global Smart Beta Equity	3.0	5.82
Core Plus Fixed Income	27.0	1.71
Public credit	3.5	3.32
Public Real Assets	7.0	2.81
Cash	1.0	-0.21
Private Equity	11.0	10.13
Private Real Assets	7.5	4.76
Private Credit	3.0	3.01
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Organization will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Organization's proportionate share of the net pension liability to changes in the discount rate - The following presents the Organization's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Organization's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Organizations proportionate share of the net pension liability	\$ 2,562,227	\$ 1,442,958	\$ 504,127

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

Note 4 Pension Plan (continued)

IPERS' fiduciary net position - Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS

At June 30, 2020, the Organization reported no payables to IPERS for legally required employer contributions or for legally required employee contributions withheld from employee wages but not yet remitted to IPERS.

Note 5 Contingent Liability - Medical Leave

Region XII Council of Governments, Inc.'s full time and part time employees accumulate medical leave hours for subsequent use. No compensation is made for accrued medical leave at time of separation and these accumulations are not recognized as expenses until used. The organization's approximate maximum liability for unrecognized medical leave benefits as of June 30, 2020 was \$222,371. The maximum allowable medical leave may accumulate to 90 days. An employee that has been employed at least 10 years may elect to convert 10 days of medical leave into annual leave. Two days of medical leave earned is then equal to one day of annual leave.

Note 6 Organization Risk Management

Region XII Council of Governments, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

These risks are covered by the purchase of commercial insurance. The organization assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 7 Concentration of Credit Risk for Cash Held in Bank

Region XII Council of Governments, Inc. maintains its checking, savings, and certificate of deposit accounts in various financial institutions. These financial institutions classify these deposits as public funds and are subject to the guidelines referred to in Chapter 12C of the Code of Iowa.

As of the fiscal year end, the organization held public funds totaling:

	<u>June 30, 2020</u>
Financial institution balance	\$6,925,457

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

NOTE 8 Subsequent Events

The Organization has evaluated subsequent events through November 19, 2020, the date which the financial statements were available to be issued. The global spread of the coronavirus disease (COVID-19) subsequent to June 30, 2020 has resulted in economic uncertainties, including mandated closures, and the reduction of operating hours for businesses in many industries. The Organization has complied with governmental guideline to reduce the spread of the disease. There were no other subsequent events that require disclosure.

Note 9 Uncertain Tax Positions

Region XII Council of Governments, Inc.'s management is not aware of possible tax positions taken by the organization which would be viewed as contrary to tax positions taken by the Internal Revenue Service.

Note 10 Property, Vehicles, and Equipment

A summary of property, vehicles, equipment, and the components of accumulated depreciation, are as follows:

FISCAL YEAR END June 30, 2020

<u>Property & Equip.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 3,369,123	\$ 2,840,040	\$ 262,877	\$ 6,472,040
Additions	768,465	736,806	50,341	1,555,612
Disposals	<u>0</u>	<u>(437,424)</u>	<u>(31,626)</u>	<u>(469,050)</u>
End of year	\$ <u>4,137,588</u>	\$ <u>3,139,422</u>	\$ <u>281,592</u>	\$ <u>7,558,602</u>
<u>Accumulated Depr.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 764,804	\$ 2,038,997	\$ 215,280	\$ 3,019,081
Current deprec.	50,908	267,700	10,305	328,913
Disposal of assets	<u>0</u>	<u>(437,424)</u>	<u>(31,626)</u>	<u>(469,050)</u>
End of year	\$ <u>815,712</u>	\$ <u>1,869,273</u>	\$ <u>193,959</u>	\$ <u>2,878,944</u>
Year End				
Book Value	\$ <u>3,321,876</u>	\$ <u>1,270,149</u>	\$ <u>87,633</u>	\$ <u>4,679,658</u>

Note 11 Housing Loans Receivable

Region XII Council of Governments, Inc. accounts for grant proceeds as revenue. Principal and interest payments received are accounted for as other program revenues when received. Loans and grants paid to families are treated as expenses at the time the loan is made to accommodate the required reporting format on quarterly reports.

Region XII Council of Governments, Inc. administers Community Development Block Grants (CDBG) for various cities within Region XII. The Region XII Council of Governments, Inc. also administers HOME grants for itself and various cities.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2020

Note 11 Housing Loans Receivable (continued)

The balance of all loans is reflected as other assets on the combined statement of financial position. A summary of activity is as follows:

FISCAL YEAR June 30, 2020

	<u>Beginning Balance</u>	<u>Payments Received</u>	<u>Forgiven/ Write- Offs</u>	<u>Accrued Interest & New Loans</u>	<u>Ending Balance</u>
General Housing	\$ 1,471,954	\$ 49,956	\$ 14,430	\$ 60,161	\$ 1,467,729
HPL Loans	295,426	48,956	15,734	4,171	234,907
HIRE Loans	218,835	52,932	2,505	54,309	217,707
HWWS Loans	<u>60,109</u>	<u>21,072</u>	<u>0</u>	<u>(5)</u>	<u>39,032</u>
	\$ <u>2,046,324</u>	\$ <u>172,916</u>	\$ <u>32,669</u>	\$ <u>118,636</u>	\$ <u>1,959,375</u>

Note 12 Mortgage Payable

Mortgage payable to Iowa Finance Authority dated October 22, 2018, interest at 0%, payable in annual installments of \$3,741 with a balloon payment at the end of 20 years. The mortgage is secured by the Wall Lake Summit Ridge apartment project.

Note 13 Financial Assets Available for Current Liabilities

Total cash assets as of June 30

Cash balance total	\$ 6,925,457
Committed for Revolving Loan Funds	3,584,576
Committed for Western Iowa Advantage Partners	160,238
Committed for SDA & Ticket to Work Programs	<u>44,132</u>
Cash available for current operations	\$ <u>3,136,511</u>

Note 14 Functional Allocation of Expenses

The cost of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

SUPPLEMENTAL INFORMATION

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REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULE OF NATURAL EXPENSES
YEAR ENDED JUNE 30, 2020

Schedule 1

Year Ended
6/30/2020

Salaries & wages	\$ 1,011,503
Employee benefits	333,439
Advertising & marketing	9,821
Accounting & legal	13,512
Insurance	17,468
 Contracted services	 296,508
Fees, dues & subscriptions	15,399
Rent	66,811
Communications	17,422
 Travel	 48,281
Office expense	88,096
Equipment Expense	12,317
Facility expenses	46,855
Board expense	6,544
 Drivers' wages & benefits	 1,290,000
Vehicle fuel & other costs	316,861
Vehicle insurance	91,925
Purchased services	103,385
Participant loans & grants	95,631
 Acquisition/Demolition/Construction	 2,059,838
Capital expenditures	736,806
Interest	10,209
Matching funds expended	247,275
In-kind Match expenditures	<u>36,775</u>
 Total Expenses	 \$ <u>6,972,681</u>

See accompanying Notes to Financial Statements.

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULES OF REVENUES AND EXPENSES
SCHEDULES OF STATE, GENERAL, AND LOCAL ADMINISTERED PROGRAMS ACTIVITY
FOR YEAR ENDED JUNE 30, 2020

	<u>Local Funds</u>	<u>Revolving Loan Funds</u>	<u>Community Administered & Support Programs</u>
Revenues:			
Governmental Funding Source:			
State funds	\$ 0	\$ 0	\$ 78,192
Program funds	0	0	107,590
Loan repayments	0	208,064	0
Interest on loans	0	90,421	0
Interest on investments	43,712	65,619	0
Rents	61,479	0	0
Other revenue	195,066	10,084	0
Matching funds	<u>0</u>	<u>668</u>	<u>8,651</u>
Total revenues	<u>300,257</u>	<u>374,856</u>	<u>194,433</u>
Expenses:			
Salary & wages	1,074	29,929	96,243
Employee benefits	62	7,283	39,966
Advertising & marketing	0	2	737
Accounting & legal	397	1,126	357
Insurance	2	1,193	1,863
Contracted services	36	1,967	11,865
Fees, dues & subscriptions	1	152	376
Rent	54	1,911	3,351
Communications	17	604	1,230
Travel	42	1,667	4,087
Office expense	2,093	3,544	3,971
Equipment expense	5,999	0	0
Facility expenses	48	1,807	3,470
Board expense	12	161	271
Vehicle expense	6,284	0	0
Participant loans & grants	866	62,751	0
Acquisition/Demolition/Construction	0	167,085	0
Capital expenditures	26,996	0	0
Interest	0	0	0
Matching funds & transfers	<u>44,992</u>	<u>22,380</u>	<u>46,752</u>
Total expenses	<u>88,975</u>	<u>303,562</u>	<u>214,539</u>
Revenue over (under) expenses	211,282	71,294	(20,106)
Beginning of year	<u>1,935,756</u>	<u>3,513,282</u>	<u>(1,607)</u>
End of Year-Net Assets	\$ <u>2,147,038</u>	\$ <u>3,584,576</u>	\$ (<u>21,713</u>)

See accompanying Independent Auditor's Report.

Schedule 2

Iowa Waste Exchange Programs	Western Iowa Advantage Partners	Region XII COG FHLB Residential Rehabilitation	Region XII COG Residential Constructed For Sale	Region XII COG Residential Constructed For Sale	Fort Dodge SDA & Ticket to Work
\$ 416,000	\$ 0	\$ 0	\$ 0	\$ 382,698	\$ 0
0	0	391,998	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	3,705	0	0	0	0
0	0	0	0	9,792	0
0	0	0	0	0	0
440	44,894	10,179	0	0	0
<u>416,440</u>	<u>48,599</u>	<u>402,177</u>	<u>0</u>	<u>392,490</u>	<u>0</u>
106,904	2,074	18,464	6,667	8,374	0
38,335	521	6,155	2,796	2,604	0
7	2,935	2	1	49	0
1,155	9	175	3	3	0
2,544	1	767	5	463	0
233,450	33,620	142	191	11	358
577	11	85	23	39	0
2,959	108	1,210	379	500	0
2,033	24	360	95	159	0
11,968	1,558	1,469	290	447	0
4,930	134	1,325	495	588	0
0	0	0	0	0	0
3,123	116	1,332	373	502	0
611	199	95	26	37	443
0	0	0	0	0	0
0	0	0	0	0	0
0	0	281,204	590,937	314,128	0
0	0	0	0	0	0
0	0	0	0	0	0
7,844	0	10,075	0	0	0
<u>416,440</u>	<u>41,310</u>	<u>322,860</u>	<u>602,281</u>	<u>327,904</u>	<u>801</u>
0	7,289	79,317	(602,281)	64,586	(801)
0	152,949	(118,786)	(21)	(277,066)	44,933
\$ <u>0</u>	\$ <u>160,238</u>	\$ (<u>39,469</u>)	\$ (<u>602,302</u>)	(<u>212,480</u>)	<u>44,132</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULES OF REVENUES AND EXPENSES
SCHEDULES OF FEDERAL PROGRAMS ACTIVITY
FOR YEAR ENDED JUNE 30, 2020

	Economic Development Planning <u>Grant</u>	Housing Preservation <u>Grants</u>	HUD Community Development Block <u>Grants</u>
Revenues:			
Governmental Funding Sources:			
Department of Agriculture	\$ 0	\$ 0	\$ 0
Department of Commerce	70,000	0	0
Department of Housing & Urban Development	0	0	726,008
Department of Labor	0	0	0
Department of Health & Human Services	0	0	0
Department of Transportation	0	0	0
Department of Homeland Security & Emergency Mgmt	0	0	0
State	0	0	0
Matching Funds	33,225	0	41,105
In-Kind Match	36,775	0	0
Other income	0	0	0
Total Revenues	<u>140,000</u>	<u>0</u>	<u>767,113</u>
Expenses:			
Salaries & wages	63,557	118	105,290
Employee benefits	21,131	46	36,608
Advertising & marketing	6	0	13
Accounting & legal	302	0	2,238
Insurance	1,208	0	1,398
Contracted services	110	6,390	4,428
Fees, dues & subscriptions	237	1	428
Rent	3,793	6	6,366
Communications	1,177	3	2,190
Travel	6,111	7	6,283
Office expense	4,879	4	7,568
Equipment expense	0	0	0
Facility expenses	4,281	5	6,620
Board expense	253	0	425
Participant loans & grants	0	0	0
Acquisition/Demolition/Construction	0	0	672,318
Interest	0	0	10,113
Matching Funds & transfers	0	0	25,368
In-Kind expense	<u>36,775</u>	<u>0</u>	<u>0</u>
Total expenses	<u>143,820</u>	<u>6,580</u>	<u>887,654</u>
Program revenues over (under) expense	(3,820)	(6,580)	(120,541)
Beginning of Year	<u>0</u>	<u>0</u>	<u>(398)</u>
End of Year-Net Assets	\$ (<u>3,820</u>)	\$ (<u>6,580</u>)	\$ (<u>120,939</u>)

See accompanying Independent Auditor's Report.

Schedule 3

HOME Investment Partnership Program	WIOA Title I	Community Partnerships For Protecting Children	Hazard Mitigation Grants
\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0
0	0	0	0
0	175,622	0	0
0	0	33,167	0
0	0	0	0
0	0	0	91,643
0	0	0	0
5,625	0	0	0
0	0	0	0
0	0	0	0
<u>5,625</u>	<u>175,622</u>	<u>33,167</u>	<u>91,643</u>
2,691	114,871	1,217	55,279
778	30,476	352	18,558
0	1	0	12
1	697	53	14
1	2,863	2	581
245	232	4	136
6	1,718	9	151
146	8,901	86	3,370
60	1,670	26	1,059
80	4,496	59	2,687
145	2,855	105	3,633
0	0	0	0
173	870	79	3,398
6	215	8	306
0	5,757	26,257	0
34,166	0	0	0
96	0	0	0
5,625	0	4,910	5,750
0	0	0	0
<u>44,219</u>	<u>175,622</u>	<u>33,167</u>	<u>94,934</u>
(38,594)	0	0	(3,291)
(<u>42</u>)	<u>0</u>	<u>0</u>	(<u>126</u>)
\$ (<u>38,636</u>)	\$ <u>0</u>	\$ <u>0</u>	\$ (<u>3,417</u>)

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULES OF REVENUE AND EXPENSES
 SCHEDULES OF WESTERN IOWA TRANSIT PROGRAMS ACTIVITY
 FOR YEAR ENDED JUNE 30, 2020

	Rural Transit <u>Operating</u>	Rural Transit <u>Capital</u>	Planning Joint Participation <u>Agreement</u>
Revenue:			
Governmental Funding Source:			
Federal-Dept. of Transportation	\$ 764,643	\$ 600,604	\$125,792
Iowa Dept. of Transportation	431,479	0	0
Elderbridge Agency	12,474	0	0
United way	1,000	0	0
Public support & contribution	1,587,652	0	0
Capital & other matching funds	0	109,206	31,448
Interest from investments	38,145	0	0
Fuel tax refund	348	0	0
Other local	27,013	0	0
Total Revenues	<u>2,862,754</u>	<u>709,810</u>	<u>157,240</u>
Expenses:			
Salaries & wages	314,354	0	84,397
Employee benefits	104,419	0	23,349
Advertising & marketing	6,046	0	10
Accounting & legal	6,547	0	435
Insurance	3,193	0	1,384
Contracted & professional services	2,767	0	556
Fees, dues & subscriptions	10,222	0	1,363
Rent	28,845	0	4,826
Communications	4,611	0	2,104
Travel	4,015	0	3,015
Office expense	21,491	0	30,336
Equipment expense	6,318	0	0
Facility expenses	15,842	0	4,816
Board expense	2,827	0	649
Drivers' wages & benefits	1,290,000	0	0
Vehicle fuel & other costs	310,577	0	0
Vehicle insurance	91,925	0	0
Purchased services	103,385	0	0
Capital expenditures	0	709,810	0
Matching funds	73,579	0	0
Total Expenses	<u>2,400,963</u>	<u>709,810</u>	<u>157,240</u>
Revenue over (under) expenses	461,791	0	0
Beginning of year-net assets	<u>1,872,813</u>	<u>0</u>	<u>0</u>
End of Year-Net assets	\$ <u>2,334,604</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

SCHEDULES OF REVENUE AND EXPENSES FOR COMPLETED PROGRAMS

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Agency and Office:

Recipient State Agency:

Sub-recipient of State Funds:

Program Title:

<u>Federal Direct:</u>	<u>CFDA #</u>	<u>Program Or Grant Number</u>	<u>Total Expenditures</u>
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Department of Agriculture:

Housing Preservation Grant	10.433	HPG17	\$ <u>6,580</u>
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Department of Commerce-Economic Development Administration:

Economic Development Support for Planning Organizations	11.302	ED19DEN3020012	\$ <u>140,000</u>
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Federal Indirect:Department of Housing & Urban Development-Office of Community Planning & Development:Iowa Economic Development Authority:Subrecipient of Cities:

Community Development Block Grants

City of:

Coon Rapids	14.228	18-HSG-005	\$ 135,664
Templeton	14.228	18-HSG-024	145,342
Schaller	14.228	18-HSG-022	77,883
Manning	14.228	18-HSG-014	60,266
Scranton	14.228	17-HSG-017	64,608
Jefferson	14.228	17-HSG-009	103,752
Menlo	14.228	17-HSG-014	104,494
Auburn	14.228	17-HSG-002	103,529
Carroll	14.228	16-HSG-010	15,910
Manilla	14.228	16-HSG-011	7,126
Lake View	14.228	19-HSG-013	48,319
Guthrie Center	14.228	19-HSG-009	10,426
Halbur	14.228	19-HSG-010	10,335
			\$ <u>887,654</u>

Home Investment Partnership Program

City of:

Jefferson	14.239	19-MAR-HM-191	\$ 39,281
Manning	14.239	19-MAR-HM-171	4,938
Total			\$ <u>44,219</u>
			\$ <u>931,873</u>

Department of Labor-Employment Training Administration:Iowa Workforce Development

WIOA Administration	17.258	17-W-08-WI-OA	\$ 23,430
" "	17.259	17-W-08-WI-OA	
" "	17.278	17-W-08-WI-OA	
WIOA Adult Program	17.258	17-W-08-WI-OA	43,095
WIOA Youth Programs	17.259	17-W-08-WI-OA	37,310
WIOA Dislocated Worker	17.278	17-W-08-WI-OA	71,787
Foreign Labor Housing	17.273	FL308151755A19	533
Total			\$ <u>176,155</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

Agency and Office:

Recipient State Agency:

Sub-recipient of State Funds:

Program Title:

Federal Indirect:

CFDA #

**Program
Or Grant
Number**

**Total
Expenditures**

Department of Transportation-Federal Highway Administration:

Iowa Department of Transportation:

Planning Joint Participation Agreement To				
Implement Regional Intermodal Planning	20.205	FHWA STBG c/o 20RPA-12	\$	52,055
Implement Regional Intermodal Planning	20.205	FHWA STBG New 20RPA-12		22,453
Implement Regional Intermodal Planning	20.205	FHWA SPR New 20RPA-12		25,642
			\$	<u>100,150</u>
Implement Regional Intermodal Planning	20.509	FTA 5311 New 20RPA-12	\$	25,642
RTAP Fellowship	20.509	TFR1		356
Non-Urban Operating Assistance Project	20.509	2019-024-00-120-SFY20		764,287
Transit Joint Participation Agreement to Implement a FTA				
Non-Urban Surface Transportation Project	20.509	2019-016-01-FY20		67,955
			\$	<u>858,240</u>
Transit Joint Participation Agreement to Implement a FTA				
Bus and Bus Facilities Project	20.526	2019-003-00-120-FY17	\$	133,085
Bus and Bus Facilities Project	20.526	2019-007-00-120-FY18		133,085
Bus and Bus Facilities Project	20.526	2019-008-00-120-FY18		375,686
			\$	<u>641,856</u>
Total			\$	<u><u>1,600,246</u></u>

Department of Health & Human Services-Administration for Children and Families:

Iowa Department of Human Services

Community Partnerships For Protecting Children	93.556	DCAT 1-14-080	\$	<u>33,167</u>
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Department of Homeland Security and Emergency Management:

CCGS County	97.039	PDMC-PL-07-IA-2017-004-01		<u>86,881</u>
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TOTAL EXPENDITURES OF FEDERAL AWARDS

\$ 2,974,902

Basis of Presentation: The Schedule of Expenditures of Federal Awards includes the federal grant activity of Region XII Council of Governments, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Region XII Council of Governments, Inc., it is not intended to and does not present the financial position changes in position or cash flows of Region XII Council of Governments, Inc.

Summary of Significant Accounting Policies: Expenditures reported in the Schedule are reported on the accrual or modified basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribe Governments, or cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR*

2020

Proportion of the net pension liability	.024752%
Proportionate share of the net pension liability	\$ 1,442,958
Covered-employee payroll	\$ 1,944,809
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	74.20%
Plan fiduciary net position as a percentage of the total pension liability	91.15%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Organization will present information for those years for which information is available.

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF IPERS CONTRIBUTIONS - LAST 10 YEARS
 JUNE 30, 2020

<u>Fiscal Year</u>	<u>Statutorily Required Contribution</u>	<u>Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contribution Percentage of Payroll</u>
2020	\$ 183,590	\$ 183,590	0	\$1,944,809	9.44%
2019	179,021	179,021	0	1,896,409	9.44%
2018	164,527	164,527	0	1,842,405	8.93%
2017	177,330	177,330	0	1,985,784	8.93%
2016	151,801	151,801	0	1,699,902	8.93%
2015	140,896	140,896	0	1,577,779	8.93%
2014	133,900	133,900	0	1,499,445	8.93%
2013	140,944	140,944	0	1,625,648	8.67%
2012	135,311	135,311	0	1,678,792	8.06%
2011	120,261	120,261	0	1,730,370	6.95%

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

John D. Morrow

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November 19, 2020

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Region XII Council of Governments, Inc., (a 28E a and non-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, changes in net assets, and cash flows for the year then ended and notes to the financial statements, and have issued my report thereon dated November 19, 2020

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Region XII Council of Governments, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Region XII Council of Governments, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Region XII Council of Governments, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Region XII Council of Governments, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Region XII Council of Governments, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script, appearing to read "John Morrow".

John D. Morrow

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November 19, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

Report on Compliance for Each Major Federal Program

I have audited Region XII Council of Governments, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Region XII Council of Governments, Inc.'s major federal programs for the year ended June 30, 2020. Region XII Council of Governments, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Region XII Council of Governments, Inc.'s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Audit requirements of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Region XII Council of Governments, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Region XII Council of Governments, Inc.'s compliance.

Opinion on Each Major Federal Program

In my opinion, Region XII Council of Governments, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Region XII Council of Governments, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Region XII Council of Governments, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Region XII Council of Governments, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by
the Uniform Guidance**

I have audited the financial statements of Region XII Council of Governments, Inc. as of and for the year ended June 30, 2020, and have issued my report thereon dated November 19, 2020, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink, appearing to read "John M. Brown". The signature is fluid and cursive, with the first name "John" being more prominent and the last name "Brown" following in a similar style.

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Part I: Summary of the Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified not considered to be material weaknesses?	No matters were reported
Non-compliance material to financial statements noted?	No matters were reported

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified not considered to be material weaknesses?	No matters were reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Section 200.516	No matters were reported
Identification of major programs:	
Department of Housing & Urban Development	14.228, 20.509
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low risk.	

Part II: Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards.

No matters were reported

Part III: Findings and questioned costs for Federal Awards which shall include audit findings as defined in Uniform Guidance Section 200.516.

No matters were reported

John D. Morrow

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December 10, 2020

Region XII Council of Governments, Inc.
1009 East Anthony Street
Carroll, Iowa 51401

Professional Services:

Preparation of the annual audits of Region XII Council of Governments, Inc., Council of Governments Housing, Inc., and Region XII Development Corporation for the year ended June 30, 2020, reports dated November 19, 2020.

Agreed upon procedures and other items include:

Preparation of all Form 990's "Organization Exempt for Income taxes";
Analysis of capital projects and depreciation calculations;
Assistance with year-end adjustments;
Submissions to Federal Clearinghouse and audit report filings.

<u>Audit staff:</u>	<u>Dates:</u>	<u>Per Diem:</u>	<u>Total Hours</u>
<u>Planning:</u>			
John D. Morrow CPA	Various	.00	29.00
Clerical	Various	.00	16.00
<u>Fieldwork:</u>			
John D. Morrow CPA		.00	63.00
Dawn Potthoff		.00	72.00
Colton Wells		.00	16.00
<u>Report Preparation & Review:</u>			
John D. Morrow CPA		.00	25.00
Dawn Potthoff		.00	40.00
<u>Exit Conferences and Review Draft Copy of Report:</u>			
John D. Morrow CPA		.00	8.00
<u>Agreed upon procedures and other items:</u>			
John D. Morrow CPA	Various	.00	8.00
Dawn Potthoff		.00	30.00
			<u>307.00</u>
<u>Direct Expenses:</u>			
Mileage (included)			
Total Fees (per audit engagement letter dated May 11, 2018)		\$	<u>23,000.00</u>

NEWS RELEASE

John D. Morrow, Certified Public Accountant, Wall Lake, Iowa today released an audit report on Region XII Council of Governments, Inc., Carroll, Iowa.

John D. Morrow CPA reported the organizations had revenues of \$7,072,226 for the year ended June 30, 2020, which was a 19.2% increase from the prior year. Support included \$4,395,436 from Federal and state agencies; \$2,227,124 from public support, fees, contributions, matching funds, etc; \$208,064 from loan repayments; and \$241,602 from interest from invested funds and loans.

Expenditures for the organizations totaled \$6,972,681, an 18.8% increase from the prior year. Program expenditures administered by the organizations included \$3,268,013 for Rural Transit programs and planning, \$175,622 for Workforce Development and workforce related programs, \$1,261,313 for affordable housing and housing assistance programs, \$41,310 for Western Iowa Advantage Partners, and \$2,226,423 for other state and local programs.

A copy of the audit report is available for review on the Office of the Auditor of State's website or the Region XII Council of Government's administrative office.